

BIBLIOGRAPHY *of*

ADDITIONAL RESOURCES

The following books, articles, and briefing papers provide additional reading on the topics covered in this Journal. Although individual references are listed by chapter, many will be appropriate to some or all of the chapters.

CHAPTER I. CONSIDERING THE QUESTION OF PERPETUITY

Craig, John E., Jr. "In Favor of Five Percent," *Foundation News & Commentary*, May/June 1999: pp. 23-25. Argues that permanent foundations play an important role in society, and that only by staying near the 5 percent payout level can a foundation expect to exist in perpetuity.

Curtis, Jody. "Forever Is a Long Time." *Foundation News & Commentary*, March/April 1998: pp. 38-41. Presents arguments for both limited and perpetual endowments.

Odendahl, Teresa and Feeney, Diane. "Who's Afraid of Increasing Payout?" *Foundation News & Commentary*, March/April 1998: pp. 22-24. Argues for foundations to consider increasing payout above required five percent.

Wooster, Martin Morse. *Should Foundations Live Forever? – The Question of Perpetuity*. Washington, DC: Capital Research Center, 1998. Presents studies of several foundations whose donors have chosen to limit the life of the organization to a set number of years.

CHAPTER II. DEVELOPING A SPENDING POLICY

Brown, Kenneth R. "How Spending Policy Impacts Foundation Investment Programs." *Trusts & Estates*, July 1998: pp. 20-22. Reviews traditional methods of assessing the relationship between a foundation's ability to take risk and the formula for its spending policy.

DeMarche Associates, Inc. *Spending Policies and Investment Planning for Foundations: A Structure for Determining a Foundation's Asset Mix*. Washington, DC: Council on Foundations, 1995. Analyzes the implications of various spending policies on a foundation's ability to maintain its grantmaking over an extended period of time.

Edie, John A. "Prudent Payout Pays Off," *Foundation News*, March/April 1994: pp. 30-31. Cites IRS data to argue that overall grants will increase in the long term for lower spending rates.

Fry, Robert P., Jr. *Creating and Using Investment Policies*. Washington, DC: National Center for Nonprofit Boards. Provide overview of investing for nonprofits and tips on how to work with an investment manager.

"Foundation Payout: Three Funders," *Foundation News & Commentary*, January/February 1997: pp. 54-57. Provides several viewpoints on the question of how much a foundation should pay out each year.

Litke, Ronald. "A Sign of the Times." *Foundation News*, March/April 1994: pp. 38-42. Addresses basic questions to consider when developing a spending policy.



Mehrling, Perry. "Spending Policies for Foundations: The Case for Increased Payout." San Diego, CA: National Network of Grantmakers Working Paper No. 5, October 1999. Based on actual foundation grants payout, this critique of the DeMarche report (page 135) demonstrates that even at 8 percent charitable payout, foundations would have maintained the real asset value of their endowment over the period 1975-1994.

Rosenberg, Claude N. "Sharing the Wealth." *The American Benefactor*, Spring 1998: pp. 31-32. Presents several reasons for private foundations to raise the level of annual grantmaking beyond 5 percent.

Triano, Christine. "Private Foundations and Public Charities: Is it Time to Increase Payout?" National Network of Grantmakers briefing paper, Autumn 1998: pp. 1-4. Addresses payout and its practices, calculating grant payout, and presents an argument for increasing grant payout above the 5 percent minimum.

Wilhelm, Eileen M., Freeman, Robert L., and Solmssen, Arthur R.G., Jr. "Morphing Into Charitable Unitrusts Overnight." *Trusts & Estates*, June 1999: pp. 14-18. Describes impact of new laws on ability of trustees to align their investment management and spending rates with the current investment environment.

CHAPTER III. FUNDING A FOUNDATION: WHAT ASSETS TO USE

Adams, Roy M., and John T. Hayes. "Taxation and Statutory Considerations in the Formation of Family Foundations." *Family Business Review*, Vol. 4, Number 4, Winter 1990: pp. 383-394. Discusses the benefits and drawbacks of various charitable alternatives and offers suggestions for reducing the cost of charitable giving.

Arthur Andersen. *Charitable Giving: A Tax Guide for Individual Donors*. Washington, DC: Arthur Andersen, Twelfth Edition, 1995. Describes the key tax implications for each of the common charitable giving vehicles.

Bjorklund, Victoria. "When Is a Private Foundation the Best Option?" *Trusts & Estates*, August 1993. Discusses the degree of donor control affiliated with three common charitable giving vehicles: the private foundation, the supporting organization, and the donor-advised fund.

Doty, David. "Charity Begins at Home: An In-Depth Guide to Setting up a Private Foundation." *Departures*, Nov/Dec 1997: pp.67-80. Discusses reasons for forming a family foundation and early steps to take in setting up the administration of the foundation.

Edie, John A. *First Steps in Starting a Foundation*. Washington, D.C.: Council on Foundations, 1997. Provides an overview of the types and varieties of private foundations and public charities, as well as lists of references and sample legal documents.

Frazer, David R. "Of Lasting Duration." *Foundation News*, January/February 1988: pp. 24-29. Outlines the benefits of family foundations, and the types of assets commonly used to form a foundation.

Donaldson, David M. and Osteen, Carolyn M. *Harvard Manual on Tax Aspects of Charitable Giving*. Boston: Harvard University Planned Giving Office, Eighth Edition, 1997. Provides detailed explanations and case references of the tax benefits of various types of gifts and vehicles.

McCoy, Jerry. "Family Foundations—A User's Guide" from proceedings of the 28th Annual Philip E. Heckerling Institute on Estate Planning, 1994. Discusses the history of private foundations, and describes the tax and other benefits of setting up a family foundation.

CHAPTER IV. AVOIDING CONFLICTS OF INTEREST AND SELF-DEALING

Edie, John A. *Family Foundations and the Law: What You Need to Know*. Washington, D.C.: Council on Foundations, 1999. Answers a number of common questions regarding self-dealing and disqualified persons.

Gammon & Grange, P.C. "Conflicts of Interest Policy and Resolution." *Nonprofit Alert*, 1995. Provides sample conflict of interest policies and annual conflicts of interest questionnaire for board members.

Nober, Jane C. "That's the Ticket." *Foundation News & Commentary*, May/June 1998: pp. 52-55. Describes rules and regulations concerning accepting tickets and other tangible benefits of more than minimal value from grantees and others.

Sobczak, Carol A. "Acts of Self-Dealing: Are You a Disqualified Person?" *Trusts & Estates*, October 1998: pp. 27-34. Describes types of disqualified persons, and the excise taxes on disqualified persons for participating in acts of self-dealing with their private foundations.

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CHAPTER V. TRAINING THE NEXT GENERATION

Benz, Obie. "Rich is Beautiful." In *Taking Giving Seriously*. Indianapolis: Indiana University Center on Philanthropy, 1993: pp. 43-58. Addresses the special conflicts created by being a young inheritor of wealth. Discusses problems confronting inheritors such as what percentage of income to give, what causes to support and in what proportions, what degree of anonymity to maintain, etc.

Bodnar, Janet. *Kiplinger's Money-Smart Kids (And Parents, Too!)*. Washington, D.C.: The Kiplinger Washington Editors, Inc., 1993. Addresses a wide range of topics associated with preparing children to handle their money.

Comstock, Paul L. "Financial Parenting Through a Family Foundation." *Trusts & Estates*, August 1992: pp. 32, 35-38. Discusses ways to help affluent children obtain a healthy understanding of their status and gain fiscal responsibility through a family foundation.

Godfrey, Neale S. *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children*. New York: Simon & Schuster, 1994. Discusses activities and programs for parents to help teach their kids the value of money and personal values.

"Money and Children." *More than Money*, Autumn 1995. Includes stories and resources for teaching children about money.



Preparing the Next Generations: A Workbook of Practical Ideas and Activities to Foster Intergenerational Involvement in Family Foundations. Grand Haven: Council of Michigan Foundations, 1998. Provides activities appropriate for younger children or grandchildren, for family members who are inexperienced in finances, and for those who are beginning to prepare for future leadership roles in their communities.

Williams, Roy O. *Preparing Your Family to Manage Wealth: A Comprehensive Guide to Estate and Succession Planning, and to Building a Family Team.* Marina, CA: Monterey Pacific Institute, 1992. Provides strategies for preparing children to effectively manage and oversee family wealth.

CHAPTER VI. UNDERSTANDING TRUSTEE RESPONSIBILITIES AND DUTIES

Bowen, William G. *Inside the Board Room: Governance by Directors and Trustees.* New York: John Wiley & Sons, 1994. Provides comprehensive introduction to roles and responsibilities of directors and trustees.

Craig, John E. "The Treasurer's Report." *Annual Report of the Commonwealth Fund*, 1994. Discusses the main factors in managing a foundation's endowment, including the role of the investment committee.

Duronio, Carolyn L. "Fiduciary Concerns Under the Prudent Investor Standard." *Trusts & Estates*, December 1996: pp. 33-41. Describes the investment flexibility available under the prudent investor standard, and discusses provisions and tax considerations that fiduciaries should confront in taking advantage of this flexibility and deciding on investment strategies and investments.

"Investment Planning: Determinants of Success." Cambridge Associates, Inc., Sept. 1994. Outlines important factors that determine the overall success of an endowment fund.

Lichstrahl, Howard L. "Prudent Investor Rule for Trustees." *Family Matters*, Fall 1996. Summarizes the rules and highlights of the Third Restatement of the Prudent Investor Rule.

McKeown, W. B. "On Being True to Your Mission: Social Investments for Endowments." *Journal of Investing* vol. 6, no. 4 (Winter 1997), pp. 71-78. Argues that obedience to mission may require trustees to consider the social and environmental consequences of their investments, as well as the financial consequences.

"The Prudent Investor and Charitable Trusts." *Trusts & Estates*, Dec. 1994: pp. 35-36. Addresses the question of whether a fiduciary who is administering a charitable trust is liable for not investing in a broad range of vehicles.

Rhoads, Paul K. "The Practical Philanthropist: Trustee Legal Responsibilities and Liabilities." *Philanthropy*, Fall 1997. Discusses the obligations of the foundation trustee in the context of general liabilities with common law, and both state and federal statutes.

Solomon, Lewis D. and Coe, Karen C. "Social Investments by Nonprofit Corporations and Charitable Trusts: A Legal and Business Primer for Foundation Managers and Other Nonprofit Fiduciaries." *UMKC Law Review*, Vol. 66, no. 2 (Winter 1997), pp. 213-250. Concludes that social responsive investing is legal under both the prudent man and business care rules.



Solomon, Lewis D. and Coe, Karen C. "The Legal Aspects of Social Investing by Non-Profit Fiduciaries" *Journal of Investing*, Vol. 6, no. 4 (Winter 1997), pp. 112-119. Concludes that social responsive investing is legal under both the prudent man and business care rules.

Taylor, Frederick B. "Private Equity and the New Prudent Investor." *Trusts & Estates*, January 1996: pp. 8-10, 14. Explains the implications of the new Prudent Investor Rule and its impact on the fiduciary.

Trone, Donald B., Albright, William R., and Taylor, Philip R. *The Management of Investment Decisions*. Chicago: Irwin Professional Publishing: 1996. Describes the legal and ethical fiduciary responsibilities of trustees.

CHAPTER VII. DEVELOPING AN INVESTMENT STRATEGY

Eddie, John A., and Lowell S. Smith. "Investing in U.S. Securities is a Violation of Your Fiduciary Duty." *Foundation News*, November/December 1993: pp. 24-30. Summarizes legal innovations, modern investment theory, and research on foundation investments to educate foundations about the need to diversify and invest in equities and other "high-risk" asset classes.

Eddie, John A., and Lowell S. Smith. "Let Go of Your Old Investment Assumptions." *Foundation News*, January/February 1994: pp. 34-39. Explains the essential role of diversification in the management of nonprofit portfolios.

Foundation Management Series; Volume I: Finances, Portfolio Composition, Investment Management and Administrative Expenses in Private Foundations. Washington, D.C.: Council on Foundations, 1998. Provides benchmark information on private foundation asset allocation, endowment management practices, and administrative expenses.

Grace, Charles B., Jr. "Understanding the Elements of Risk Control." *Trusts and Estates*, May 1998: pp. 12-16. Explains why risk control in asset management is one of the investor's most important considerations.

Helms, Gary B. "Developing Appropriate Investment Policies: The Endowment Perspective." *Association for Investment Management and Research*, 1997: pp. 18-20. Outlines basic steps that fund managers follow to achieve their objectives.

Peavy, III, John W. "Diversification: The Foundation for Portfolio Management," *American Bankers Association's Trust & Financial Advisor*, no. 6, 1995: pp. 14-21. Addresses the concept of diversification and explains the four key types of diversification that, when properly used, mitigate portfolio risk.

CHAPTER VIII. SELECTING AND WORKING WITH INVESTMENT ADVISORS

Burton, Jonathan. "The Best Way to Grow." *The American Benefactor*, Summer 1998: pp. 28-29. Discusses how to find the right investment strategy and the right people to execute it to best preserve an endowment.

Kleberg, Sally. "Picking People and Choosing Professional Resources: Getting Good Advice." In Chapter 7 and Appendices of *The Stewardship of Private Wealth*, 1997, 127-141, 283-291. Offers advice on finding the right money manager (or managers) for a foundation.

McCarron, William. "How to Select an Outside Investment Consultant." *Foundation News & Commentary*, May/June 1996: pp. 29-31. Discusses factors to consider when selecting an investment consultant.



McCarthy, Kathryn. "Engaging Investment Advisors." *Resources for Family Philanthropy: Finding the Best People, Advice, and Support*. Washington, D.C.: National Center for Family Philanthropy, 1999, 45-57. Identifies and addresses the selection of investment advisors to manage the assets of a family foundation.

Stanny, Barbara and Deanne Stone. *Choosing and Managing Financial Professionals: A Guide for Women Investors*. San Francisco, CA: Resourceful Women, 1994. Provides information for those in the beginning stages of selecting a financial advisor.

Willis, Clint. "Real Private Bankers Don't Walk Dogs." *The American Benefactor*, Spring 1997: pp. 47-50. Explains the role of private bankers in managing financial assets.

CHAPTER IX. THINKING ABOUT MISSION-RELATED INVESTING

Brody, Weiser, and Matthew McCreight. "Alternatives for Socially Responsible Investing." *Social Venture Network*, July 1992. Outlines a variety of investment options that address social needs from pure philanthropy to profit maximizing capitalism.

Bruce, Brian R., ed. *The Investment Research Guide to Socially Responsible Investment*. Plano, TX: Colloquium on Socially Responsible Investing, Investment Research Forums, 1998.

Dowie, Mark. "Passive, Dissonant or Making a Difference: Which Way for Foundation Investing?" *Financial Markets and Society*. Philomont, Va.: Financial Markets Center, 1998. Argues that through socially responsible investing foundations possess potential for thoughtful investor strategies that broadly benefit society.

Guerard, John B. "Additional Evidence on the Cost of Being Socially Responsible in Investing." *Journal of Investing*, Vol. 6, no. 4 (Winter 1997): pp. 31-36. Demonstrates that manager selection and stock picking, rather than social and environmental screens, account for differences between screened and non-screened portfolios.

Kurtz, Lloyd. "No Effect, or No Net Effect? Studies on Socially Responsible Investing." *Journal of Investing*, Vol. 6, no. 4 (Winter 1997), pp. 37-49. Demonstrates that manager selection and stock picking, rather than social and environmental screens, account for differences between screened and non-screened portfolios.



Massarsky, Cynthia W., and Loren Renz. *Program-Related Investments: A Guide to Funders and Trends*. New York: Foundation Center, 1995. Study of program-related investments at foundations across the country.

Nylen, Robert. "Henry Corning's Best Intentions: One Man's Trek Through the Social Side of Venture Capital." *The American Benefactor*, Summer 1998: pp. 62-66. Provides a look at one philanthropist's history of social investing.

Program Related Investment Primer. Washington, D.C.: Council on Foundations, 1993. Guidelines for foundations considering their first program-related investment.

Tasch, Edward and Stephen Viederman. "New Concepts of Fiduciary Responsibility," in *Steering Business Towards Sustainability*: United Nations University Press, 1995, pp. 125-141. Argues that new notions of prudence and fiduciary responsibility need to include concern for the impact of commercial activity on the environment and local communities.

Van Dyck, Thomas. "Do the Math." *Foundation News & Commentary*, May/June 1998: pp. 22-24. Dispels the "myth" that foundations have to sacrifice return to keep investment goals consistent with grantmaking goals.

Viederman, Stephen. "Adding Value to Your Grants." *Foundation News & Commentary*, January/February 1997: pp. 65-66, 68. Illustrates how being an active shareholder can add value to the work being done with one's grantmaking dollars.

Viederman, Stephen and Edward Tasch. "Dissonance, Responsibility, and Corporate Culture Or, How Two Camps Struggle for Our Hears and Minds and What We Can Do About It." *Jessie Smith Noyes Foundation Annual Report*, 1994, pp. 5-10. Describes foundation's beginning efforts to align its philanthropic mission and its investment activities.

Williams, Roger M. "Yang, Meet Yin." *Foundation News & Commentary*. January/February 1998: pp. 18-23. Discusses new research that show socially responsible investing does not necessarily penalize returns and addressing new thinking on whether social investing is worthwhile even if it does decrease returns.



INVESTMENT MAGAZINES AND WEB SITES

Barron's Online
www.barrons.com
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Business Ethics
Bizethics@aol.com

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888.878.5151
www.businessweek.com
bwcustsv@mcgraw.hill.com

Common Cents Journal
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The Economist
www.economist.com
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Fast Company
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Shareholder Activism Center
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Smart Money
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SocialFunds.com
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Social Investment Forum
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The Street.com
212.271.4004
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US News Online
202.955.2000
www.usnews.com

The Wall Street Journal
800.975.8609
www.public.wsj.com/



*Please note: This list is provided as a sampling of the print and on-line resources available. The National Center for Family Philanthropy does not endorse or support any of the investment magazines, newsletters, or web sites included on pages 142 and 143.

INVESTMENT NEWSLETTERS

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The Dollar-Wise Investor

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Financial World

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Income Fund Outlook

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Investment Guide

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Investor's Digest of Canada

133 Richmond St. W. #700
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416.869.1177

Investor's First

P.O. Box 42035
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403.252.5890

Major Trends

250 W. Coventry Ct.
Milwaukee, WI 53217
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Money Digest

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Toronto, Ontario, Canada
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Money World

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508.881.2800

Morningstar Investor

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Mutual Fund Investing

7811 Montrose Rd.
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The Neatest Little FundLetter

800.339.5671

The No-Load Fund Investor

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Personal Investing News

531 Versailles Dr. #110
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